

The following is a quotation from 35 U.S.C. § 101 with a particular portion of this quotation underlined for emphasis:

- Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title. (emphasis added)

As clearly stated in 35 U.S.C. § 101, a process is statutory subject matter. In this regard, Applicant notes that claims 1 and 7 both recite "[a] method for facilitating the mutual exchange of securities and cash" (emphasis added), and the terms "method" and "process" are synonymous. Thus, each of claims 1 and 7 are directed to statutory subject matter.

As an illustrative example of an allowed method claim, the Examiner is referred to independent claim 21 of the cited reference of Eng et al., which recites "[a] method of performing synthetic currency transactions." Therefore, claims 1 and 7 are directed to statutory subject matter in the same manner that claim 21 of Eng is directed to statutory subject matter. Applicant, therefore, respectfully solicits withdrawal of the imposed rejection of claims 1 and 7 under 35 U.S.C. § 101.

Claim 7 is objected to under 37 C.F.R. § 1.75

In the second enumerated paragraph of the Office Action, the Examiner objected to claim 7 as being a substantial duplicate of claim 1. This rejection is respectfully traversed.

Initially, Applicant notes that the Examiner has failed to put forth any reasoning as to why the Examiner believes that claim 7 is a substantial duplicate of claim 1. The Examiner has

neither identified the difference in wording nor explained why this difference in wording does not alter the scope of the claimed invention.

Claim 7 recites that the an offer to lend includes a corresponding fee is for lending a security and an offer to borrow includes corresponding fee is for borrowing the security. Claim 7 further recites that the fee for lending and the fee for borrowing are equivalent. The previously described limitation identified in claim 7 is not found in claim 1. Thus, claim 7 limits the fee for lending and the fee for borrowing to being equivalent, whereas there is no such limitation in claim 1 (i.e., the fee for lending and the fee for borrowing need not be equivalent to be matched). Therefore, claim 7 includes limitations that distinguish claim 7 from claim 1 in a not insubstantial manner. Therefore, Applicant respectfully solicits withdrawal of the imposed objection of claim 7 under 37 C.F.R. § 1.75.

Claims 1-7 are rejected under 35 U.S.C. § 103 for obviousness based upon Eng et al., U.S. Patent No. 6,188,993 (hereinafter Eng), in view of Zandi, U.S. Patent No. 5,966,699

On pages four and five of the Office Action, the Examiner concluded that one having ordinary skill in the art would have been motivated to combine Eng in view of Zandi to arrive at the claimed invention. This rejection is respectfully traversed.

As part of a *prima facie* analysis of obviousness, the Examiner is to construe each term in the claim consistent with the specification.¹ This allows an Applicant fair opportunity to evaluate the teachings of the applied prior, as compared to the claimed invention. As discussed in M.P.E.P. § 706.02(j), "[it] is important for an examiner to properly communicate the basis for a rejection so that

the issues can be identified early and the applicant can be given fair opportunity to reply."

Applicant respectfully submits that the Examiner has failed to properly construe the ordinary meaning of term "security." In particular, a security is different than "cash." Although a security may have a cash value, just as an elephant or a refrigerator may have a cash value, one is different from the other.

The medium being traded in the Examiner's primary reference of Eng is interchangeably described as synthetic currency, Inside Money, or IM.² This synthetic currency is also described as being equivalent to cash in column 7, lines 57-58 ("This provides companies that are asset rich but cash poor access to synthetic currency (cash), i.e., IM."). Thus, the teachings found in Eng are not directed to securities, but instead, to cash. Therefore, Eng cannot teach or suggest any of the claimed limitations, because all of the claimed limitations are directed to the borrowing and lending of securities.

Notwithstanding Eng not being directed to transactions of securities, Eng also fails to teach other of the claimed limitations in contrast to the Examiner's assertions. For example, the Examiner referred to column 2, lines 24-35; column 2, line 66 to column 3, line 6; column 3, lines 27-31; column 5, lines 12-15; and column 7, lines 5-11 to teach the claimed limitation of "receiving a plurality of first indications of offers to lend a security from respective lenders, each of the offers to lend a security indicating a corresponding quantity of the security and a corresponding fee." As recited in independent claims 1, 3 and 7, the offer to lend a security must indicate a corresponding fee. However, this limitation is not part of the "offers" described in Eng. Any

¹ See 37 C.F.R. § 1.56(b)(2)(ii).

fees described within Eng are imposed by the IM transaction network, for example as part of the potential borrower's rating, and not part of the offer.

The Examiner referred to the same citations to teach the claimed limitation of "receiving a plurality of second indications of offers to borrow the security from respective borrowers, each of the offers to borrow the security indicating a corresponding quantity of the security and a corresponding fee," which is found in independent claims 1, 3 and 7. Thus, another fee, which is associated with an offer to borrow, must also be indicated. Combining these two limitations yields the combined invention requiring at least two fees being indicated, one by the lender and one by the seller. Upon reviewing Eng, and in particular, the citations referred to by the Examiner in the Office Action, however, Applicant is unable to determine where Eng teaches or suggest two fees being indicated.

With regard to the required motivation to combine Eng in view of Zandi, the Examiner asserted the following:

It would have been obvious to one of ordinary skill in the art at the time the Applicant's invention was made to combine the disclosures of Eng and Zandi to send notifications to both parties (lender and borrower) of the acceptance or denial of the [sic] deal.

The requisite motivation to support the ultimate legal conclusion of obviousness under 35 U.S.C. § 103 is not an abstract concept, but must stem from the applied prior art as a whole and have realistically impelled one having ordinary skill in the art to combine specific references to arrive at a specifically claimed invention.³ The mere identification of claim features in disparate

² See column 1, lines 12-14 "[t]his invention relates to a transaction network for a synthetic currency (commercially designated as Inside Money)."

³ In re Deuel, 51 F.3d 1552, 34 USPQ2d 1210 (Fed. Cir. 1995); In re Newell, 891 F.2d 899, 13 USPQ2d 1248 (Fed. Cir. 1989).

references does not establish the requisite realistic motivation to support the ultimate legal conclusion of obviousness under 35 U.S.C. § 103.⁴ Moreover, a generalization does not establish the requisite motivation to modify a specific reference in a specific manner to arrive at a specifically claimed invention.⁵ Rather, a burden is imposed upon the Examiner to identify a source in the applied prior art for each claim limitation and identify a source for the requisite realistic motivation to modify a particular reference in a particular manner to arrive at a specifically claimed invention.⁶ This burden, however, has not been met. The Examiner's asserted motivation of "to send notifications to both parties (lender and borrower) of the acceptance or denial of the [] deal" is nothing more than a generalization that is factually unsupported by the applied prior art. The Examiner has failed to identify a source within Zandi for the Examiner's asserted motivation to combine Eng and Zandi, and it is not apparent that this motivation can be found within Eng.

Applicant also notes that one having ordinary skill in the art would not have modified Eng to include the Examiner's conceded missing limitation of sending a notification because such a notification is not necessary. As described in column 3, lines 13-14, the "IM lender can then approve or disapprove a loan," and thus, there is no need to send a notification to the IM lender because the IM lender already knows that the loan has been approved. As also described in column 3, lines 15-17, "the IM lender can choose to retain the interest bearing features of IM and negotiate an interest payment from the borrower." In such a situation, notification is also not necessary because such a negotiation bypasses the intermediary system, and thus, a notification to the parties is not necessary.

⁴ Grain Processing Corp. v. American-Maize Products Co., 840 F.2d 902, 5 USPQ2d 1788 (Fed. Cir. 1988).

⁵ In re Deuel, supra.

⁶ Smiths Industries Medical System v. Vital Signs Inc., 183 F.3d 1347, 51 USPQ2d 1415 (Fed. Cir. 1999); In re Mayne, 104 F.3d 1339, 41 USPQ2d 1451 (Fed. Cir. 1997).

Applicant, therefore, respectfully submits that a *prima facie* case of obviousness has not been established to reject claims 1-7 under 35 U.S.C. § 103 for obviousness based upon Eng in view of Zandi for lack of the requisite motivation to combine and lack of a teaching within the applied prior art of all the claimed limitations. Applicant respectfully solicits withdrawal of the imposed rejection of claims 1-7 under 35 U.S.C. § 103 for obviousness based upon Eng in view of Zandi.

Claim 6 is rejected under 35 U.S.C. § 103 for obviousness based upon Eng in view of Zandi and Huberman, U.S. Patent No. 6,078,906

On page six of the Office Action, the Examiner concluded that one having ordinary skill in the art would have been motivated to combine Eng in view of Zandi and Huberman to arrive at the claimed invention. This rejection is respectfully traversed.

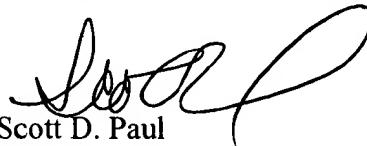
Claim 6 depends ultimately from independent claim 3, and Applicant incorporates herein the arguments previously advanced in traversing the imposed rejection of claim 3 under 35 U.S.C. § 103 for obviousness based upon Eng in view of Zandi. Specifically, the Examiner has not established a proper motivation to combine these two references, and even if these references were combined, the claimed invention would not result. The tertiary reference to Huberman does not cure the noted deficiencies of Zandi and Eng. Accordingly, the proposed combination of references would not yield the claimed invention. Applicant, therefore, respectfully submits that the imposed rejection of claim 6 under 35 U.S.C. § 103 for obviousness predicated upon Eng in view of Zandi and Huberman is not viable and, hence, solicits withdrawal thereof.

Applicant has made every effort to present claims which distinguish over the prior art, and it is believed that all claims are in condition for allowance. However, Applicant invites the Examiner to call the undersigned if it is believed that a telephonic interview would expedite the prosecution of the application to an allowance. Accordingly, and in view of the foregoing remarks, Applicant hereby respectfully requests reconsideration and prompt allowance of the pending claims.

To the extent necessary, a petition for an extension of time under 37 C.F.R. § 1.136 is hereby made. Please charge any shortage in fees due in connection with the filing of this paper, including extension of time fees, to Deposit Account 500417, and please credit any excess fees to such deposit account.

Respectfully submitted,

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